

Message Text

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PAGE 01 STATE 154214

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FOLLOWING REPEAT STATE 154214 ACTION OTTAWA DTD 30 JUN

QTE

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: RECENT PETITIONS FOR ADJUSTMENT ASSISTANCE AND
FOR ANTIDUMPING INVESTIGATIONS IN AUTOMOTIVE
INDUSTRY

REF: OTTAWA 2218

1. THE UNITED AUTO WORKERS (UAW) FILED A PETITION
JUNE 2 WITH SECRETARY OF LABOR, UNDER SECTION 221 OF
TRADE ACT OF 1974, REQUESTING ADJUSTMENT ASSISTANCE
BENEFITS FOR 39,000 LAID-OFF CHRYSLER CORPORATION EMPLO-
YEEES IN TEN U.S. PLANTS (6 ASSEMBLY, 2 ENGINE, AND 2
TRIM PLANTS). PRIMARY BASIS FOR CLAIM IS INCREASED
SALES OF IMPORTS FROM CANADA AS A PROPORTION OF U.S. PRO-
DUCTION, ALTHOUGH INCREASED OVERSEAS IMPORTS ARE ALSO
CITED AS A CAUSE OF THE DISLOCATION. PUBLIC HEARINGS
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PAGE 02 STATE 154214

ON THE PETITION HAVE BEEN REQUESTED BY UAW AND ARE

SCHEDULED FOR JULY 7. LABOR DEPARTMENT HAS 60 DAYS FROM FILING OF INITIAL PETITION TO ANNOUNCE ITS DETERMINATION.

2. UNDER TERMS OF TRADE ACT, A GROUP OF WORKERS MUST MEET THREE TESTS IN ORDER TO QUALIFY FOR ADJUSTMENT ASSISTANCE.

- (1) A SIGNIFIANT NUMBER OR PROPORTION OF THE WORKERS IN SUCH WORKERS' FIRM OR APPROPRIATE SUBDIVISION OF FIRM HAVE BECOME TOTALLY OR PARTIALLY SEPARATED, OR ARE THREATENED WITH SEPARATION;
- (2) SALES OR PRODUCTION OR BOTH OF SUCH A FIRM OR SUBDIVISION HAVE DECREASED ABSOLUTELY; AND
- (3) INCREASES IN IMPORTS OF ARTICLES LIKE OR DIRECTLY COMPETITIVE WITH ARTICLES PRODUCED BY SUCH WORKERS' FIRM OR SUBDIVISION CONTRIBUTED IMPORTANTLY TO SUCH TOTAL OR PARTIAL SEPARATION OR THREAT THEREOF, AND TO SUCH DECLINE IN SALES OR PRODUCTION.

3. THE CHRYSLER CLAIM WHICH IS THE LARGEST EVER FILED UNDER THE RECENTLY-LIBERALIZED ADJUSTMENT ASSISTANCE PROVISIONS IS REGARDED AS A TEST CASE IN ITS EFFORTS TO FIND RELIEF FOR UNEMPLOYED AUTO WORKERS TO REPLACE EXHAUSTED SUPPLEMENTAL UNEMPLOYMENT BENEFITS (SUB) FUNDS. UNDER TRADE ACT, WORKERS JUDGED ELIGIBLE FOR ADJUSTMENT ASSISTANCE ALLOWANCES CAN RECEIVE UP TO 70 OF THEIR FORMER AVERAGE WEEKLY WAGE UP TO A MAXIMUM OF THE NATIONAL AVERAGE WEEKLY WAGE FOR UP TO 52 WEEKS.

4. ON JUNE 20 CONGRESSMAN JOHN H. DENT (PENNSYLVANIA) OF HOUSE COMMITTEE ON EDUCATION AND LABOR PETITIONED SECRETARY OF TREASURY TO INSTITUTE AN INVESTIGATION OF SUSPECTED DUMPING OF AUTOMOBILES IN VIOLATION OF THE ANTI-DUMPING ACT OF 1921. CONGRESSMAN DENT HAD PREVIOUSLY INTRODUCED A PROPOSED HOUSE RESOLUTION EXPRESSING THE SENSE OF THE CONGRESS THAT SUCH AN INVESTIGATION BE INSTITUTED. DENT'S PETITION TO TREASURY DEPARTMENT MENTIONS VIRTUALLY EVERY MAKE OF AUTOMOBILE (AND SOME SMALL TRUCKS) THAT IS IMPORTED INTO THE UNITED STATES, INCLUDING ALL PASSE
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PAGE 03 STATE 154214

GER CAR MODELS PRODUCED IN CANADA BY U.S. COMPANIES AND IMPORTED INTO THE UNITED STATES UNDER TERMS OF THE U.S.-CANADA AUTOMOTIVE AGREEMENT. SPECIFIC EVIDENCE OF ALLEGED ILLEGAL PRICING PRACTICES WAS INTRODUCED ONLY FOR TWO FOREIGN MANUFACTURERS, VOLKSWAGEN AND BRITISH-LEYLAND.

5. CONGRESSMAN DENT INSERTED HIS PETITION TO THE TREA-

SURY DEPARTMENT INTO THE CONGRESSIONAL RECORD OF JUNE 20 (A COPY POUCHED TO EMBASSY FOR LEARY) AND IS FREELY RE-LEASING THE PETITION FROM HIS OFFICE. TREASURY DEPARTMENT, IN ACCORDANCE WITH ITS GENERAL PRACTICES, IS DECLINING ALL COMMENT ON PETITION UNTIL A DETERMINATION (DUE WITHIN 30 DAYS OF PETITION RECEIPT) IS MADE WHETHER OR NOT TO INSTITUTE A FORMAL DUMPING INVESTIGATION.

6. WHILE THE PETITIONS ARE UNDER INVESTIGATION BY THE RESPONSIBLE AGENCIES, EMBASSY COMMENTS SHOULD BE LOW KEY AND CONFINED TO THE FACTS AS SET FORTH ABOVE. WE WILL KEEP YOU INFORMED ON DEVELOPMENTS. (FYI THE UAW ADJUSTMENT ASSISTANCE CLAIM REFLECTS EFFORTS TO EXPLORE ALL POSSIBLE AVENUES OF RELIEF FROM PRODUCTION/UNEMPLOYMENT CUTBACKS IN THE US AUTO INDUSTRY, CUTBACKS WHICH HAVE BEEN MORE SEVERE IN THE US THAN IN CANADA. AFFIRMATIVE ACTION ON THIS PETITION, SHOULD IT OCCUR, WOULD NOT AFFECT EITHER TRADE PATTERNS OR THE OPERATION OF THE AUTO PACT. END FYI)

7. THE DEPARTMENT IS STILL CONSIDERING GATT AND OTHER ASPECTS OF CANADA'S RECENTLY-INSTITUTED AUTO PARTS REMISSION SCHEME. INSTRUCTIONS RE POSSIBLE EMBASSY REPRESENTATIONS TO GOC ON THIS ISSUE WILL FOLLOW BY SEPTTEL. INGERSOLL UNQTE KISSINGER

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